

**UNAUDITED FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT FOR THE
FINANCIAL YEAR ENDED 31 DECEMBER 2011**

**PART I - INFORMATION REQUIRED FOR QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND
FULL YEAR ANNOUNCEMENTS**

**1(a)(i) An income statement, for the group, together with a comparative statement for the
corresponding period of the immediately preceding financial year.**

Mencast Holdings Ltd (the "Company", the "Group") is a marine and offshore service company. During FY2011, the Company acquired Top Great Engineering & Marine Pte Ltd ("TGEM"), Unidive Marine Services Pte Ltd ("Unidive") and Team International Development and Team Precision Engineering (the "Team Assets"). The Group has since consolidated its activities into two business segments namely, Marine Services business division and Offshore & Engineering Services business division.

FY2011's consolidated income statement consisted of the results of the above acquisitions acquired at their respective dates when the Group took control.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Group		Increase / (decrease) (%)
	Financial year ended 31 December 2011 (S\$'000)	2010 (S\$'000)	
Revenue	56,358	32,031	75.9
Cost of sales	(32,892)	(16,073)	104.6
Gross profit	23,466	15,958	47.0
Other gains	699	476	46.8
Expenses			
- Administrative	(12,907)	(6,167)	109.3
- Finance	(783)	(467)	67.7
- Share of result – joint venture	13	-	NM ⁽¹⁾
Profit before income tax	10,488	9,800	7.0
Income tax expense	(252)	(1,295)	(80.5)
Net profit for the financial year, representing total comprehensive income	10,236	8,505	20.4
Net profit, representing total comprehensive income attributable to :			
Equity holders of the Company	10,236	8,495	20.5
Non-controlling interests	-	10	NM ⁽¹⁾
	10,236	8,505	20.4

Note:

(1) "NM" denotes not meaningful.

1(a)(ii) Notes to statement of comprehensive income

The Group's profit before income tax is arrived at after charging / (crediting):

	Group		Increase / (decrease) (%)
	Financial year ended 31 December 2011 (S\$'000)	2010 (S\$'000)	
Included in other gains are: -			
Other income ⁽¹⁾	(484)	(384)	26.0
Interest income ⁽²⁾	(19)	(18)	5.6
(Gain)/loss on sale of property, plant and equipment ⁽³⁾	(196)	(95)	106.3
Foreign exchange losses/(gains) ⁽⁴⁾	286	21	NM ⁽⁹⁾
Interest expenses ⁽⁵⁾	783	467	67.7
Depreciation of property, plant and equipment ⁽⁶⁾	2,818	1,839	53.2
Impairment loss of trade receivable ⁽⁷⁾	-	123	NM ⁽⁹⁾
Impairment loss of trade receivable written back ⁽⁸⁾	(128)	(14)	NM ⁽⁹⁾

Notes:

- (1) Other income mainly relates to amounts received from the Singapore government Job Credit Scheme and sales of scrap metals.
- (2) Interest income relates to income earned mainly from fixed deposits.
- (3) The gain was due mainly to the sale of motor vehicle and machinery.
- (4) Foreign exchange losses in FY2011 were due to the appreciation of the US\$ against the S\$ in relation to US\$ payments made to overseas suppliers for purchase of raw materials.
- (5) The higher interest expenses in FY2011 was due mainly to additional working capital loans and construction loans drawdown.
- (6) The higher depreciation of property, plant and equipment in FY2011 was due to the additional of plant and machinery.
- (7) Impairment loss of trade receivable in FY2010 refers to the provision made for trade debtor balance which has been due for more than one year.
- (8) Impairment loss of trade receivable written back relates to the full payment received from a trade debtor balance provided in FY2010.
- (9) "NM" denotes not meaningful.

MENCAST HOLDINGS LTD.
(Incorporated in the Republic of Singapore on 30 January 2008)
(Company Registration Number: 200802235C)

1(b)(i) A statement of financial position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year.

STATEMENT OF FINANCIAL POSITION

	Group		Company	
	As at 31 December 2011 (S\$'000)	As at 31 December 2010 (S\$'000)	As at 31 December 2011 (S\$'000)	As at 31 December 2010 (S\$'000)
ASSETS				
Current assets				
Cash and cash equivalents	9,451	11,604	4,076	9,483
Trade and other receivables	26,391	13,924	3,102	2,669
Inventories	6,436	4,463	-	-
	<u>42,278</u>	<u>29,991</u>	<u>7,178</u>	<u>12,152</u>
Non-current assets				
Financial assets, available-for-sale	127	127	-	-
Investment in subsidiaries	-	-	63,750	20,900
Investment in joint venture	907	-	-	-
Property, plant and equipment (PPE)	54,818	25,967	-	-
Deposits for purchase of PPE	970	1,247	-	-
Intangible assets	38,559	4,781	3,488	-
Club memberships	28	28	-	-
	<u>95,409</u>	<u>32,150</u>	<u>67,238</u>	<u>20,900</u>
Total assets	<u>137,687</u>	<u>62,141</u>	<u>74,416</u>	<u>33,052</u>
LIABILITIES				
Current liabilities				
Trade and other payables	26,682	8,413	31,248	9,149
Current income tax liabilities	1,661	1,237	-	-
Borrowings	16,856	5,340	-	-
	<u>45,199</u>	<u>14,990</u>	<u>31,248</u>	<u>9,149</u>
Non-current liabilities				
Other payables	11,513	-	11,513	-
Borrowings	22,487	5,392	-	-
Deferred income tax liabilities	1,330	1,242	-	-
	<u>35,330</u>	<u>6,634</u>	<u>11,513</u>	<u>-</u>
Total liabilities	<u>80,529</u>	<u>21,624</u>	<u>42,761</u>	<u>9,149</u>
NET ASSETS	<u>57,158</u>	<u>40,517</u>	<u>31,655</u>	<u>23,903</u>
EQUITY				
Capital and reserves attributable to equity holders of the Company				
Share capital	33,538	25,126	33,538	25,126
Fair value reserves	47	47	-	-
Translation reserves	(121)	-	-	-
Retained earnings / (accumulated losses)	23,694	15,334	(1,883)	(1,223)
	<u>57,158</u>	<u>40,507</u>	<u>31,655</u>	<u>23,903</u>

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STATEMENT OF FINANCIAL POSITION

	Group		Company	
	As at 31 December 2011 (S\$'000)	As at 31 December 2010 (S\$'000)	As at 31 December 2011 (S\$'000)	As at 31 December 2010 (S\$'000)
Non-controlling interests	-	10	-	-
Total equity	57,158	40,517	31,655	23,903

1 (b)(ii) Aggregate amount of group's borrowings and debt securities.

Amount repayable in one year or less, or on demand

As at 31 December 2011		As at 31 December 2010	
Secured (S\$'000)	Unsecured (S\$'000)	Secured (S\$'000)	Unsecured (S\$'000)
16,856	-	5,340	-

Amount repayable after one year

As at 31 December 2011		As at 31 December 2010	
Secured (S\$'000)	Unsecured (S\$'000)	Secured (S\$'000)	Unsecured (S\$'000)
22,487	-	5,392	-

Details of any collaterals

- (i) Mortgages over Group's property, plant and equipment.**
- (ii) Group's fixed deposits.**
- (iii) Corporate guarantees by the Company.**
- (iv) Finance lease liabilities of the Group are secured by certain equipment of the Company's subsidiaries.**

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1(c) A statement of cash flows (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

CONSOLIDATED STATEMENT OF CASH FLOWS

	Group	
	Financial year ended 31 December	2010
	2011	2010
	(S\$'000)	(S\$'000)
Cash flows from operating activities		
Net profit	10,236	8,505
Adjustments for:-		
Income tax expense	252	1,295
Impairment loss of trade receivable		123
Impairment loss of trade receivable written back	(112)	(14)
Depreciation on property, plant and equipment	2,529	1,839
Share of profits from JV	(13)	-
(Gain)/loss on disposal of property, plant and equipment	(196)	(95)
Dividend income	(5)	-
Foreign exchange gain	(22)	-
Interest income	(19)	-
Interest expense	783	467
	13,433	12,120
Changes in working capital, net of effects from acquisitions of subsidiary and business: -		
Trade and other receivables	(1,858)	(7,122)
Deferred revenue	(2)	-
Inventories	1,506	(2,394)
Other current assets	-	(300)
Trade and other payables	(4,964)	1,357
Cash generated from operations	8,115	3,661
Interest received	19	-
Income tax paid	(888)	(1,420)
Net cash provided by operating activities	7,246	2,241
Cash flows from investing activities		
Aquisition of subsidiary and business, net of cash acquired ⁽¹⁾	(7,830)	-
Dividend received	5	-
Purchase of property, plant and equipment	(18,807)	(5,771)
Proceeds from disposal of property, plant and equipment	243	247
Placement of fixed deposit pledged	(4,441)	-
Net cash used in investing activities	(30,830)	(5,524)
Cash flows from financing activities		
Dividend paid	(1,876)	(1,551)
Repayment of borrowings	(8,380)	(1,846)
Repayment of finance lease liabilities	(1,243)	(1,466)
Proceeds from finance lease liabilities	5,184	-
Interest paid	(783)	(467)
Proceeds from borrowings	23,027	2,084
Proceeds from issuance of shares	-	5,427
Net cash provided by financing activities	15,929	2,181
Net (decrease) / increase in cash and cash equivalents	(7,655)	(1,102)
Cash and cash equivalents at beginning of financial year	11,604	12,706
Cash and cash equivalents at end of financial year⁽²⁾	3,949	11,604

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Note:

(1) Acquisitions of subsidiaries

In the second quarter of FY2011, the Company acquired the entire issued and paid-up share capital of Top Great Engineering & Marine Pte Ltd (“**TGEM**”) and Unidive Marine Services Pte Ltd (“**Unidive**”) for a purchase consideration of S\$24 million and S\$14.85 million respectively. As set out in their respective sale and purchase agreements, the Company took effective control of TGEM (“**TGEM Acquisition**”) and Unidive (“**Unidive Acquisition**”) on 1 May 2011 and 1 June 2011 respectively.

In the fourth quarter of FY2011, the Company acquired the assets of Team International Development and Team Precision Engineering (the “**Team Assets**”) for a purchase consideration of S\$4.5 million. As set out in their respective sale and purchase agreements, the Company took effective control of TEAM ASSETS (“**Team Assets Acquisition**”) on 1 December 2011.

The aggregate effects of the TGEM Acquisition, the Unidive Acquisition and Team Assets Acquisition on the cash flows of the Group are as follows:

	Fair value of identifiable assets and liabilities		
	TGEM	Unidive	Team
	(\$'000)	(\$'000)	(\$'000)
Cash and cash equivalents	2,949	1,221	-
Trade and other receivables	8,061	2,436	-
Inventories	3,479	-	-
Investments in joint ventures	911	-	-
Property, plant and equipment	6,826	4,623	1,012
Total assets	22,226	8,280	1,012
Trade and other payables	10,409	1,399	-
Borrowings	4,804	4,158	-
Current income tax liabilities	509	577	-
Deferred income tax liabilities	17	73	-
Total liabilities	15,739	6,207	-
Identifiable net assets acquired	6,487	2,073	1,012
Goodwill	17,513	12,777	3,488
Purchase consideration	24,000	14,850	4,500
Consideration paid via issuance of shares	(7,200)	(1,213)	-
Unpaid portion of purchase consideration	(10,800)	(7,637)	(4,500)
Cash consideration paid	6,000	6,000	-
Less : Cash and cash equivalents in subsidiaries acquired	(2,949)	(1,221)	-
Net cash outflow on acquisitions	3,051	4,779	-

(2) Cash and cash equivalents, for the purpose of presenting consolidated statement of cash flows, consist of :

	2011	2010
	(\$'000)	(\$'000)
Cash and bank balances	9,451	11,604
Less : fixed deposits pledged	(4,441)	-
Less : bank overdrafts included in borrowings	(1,061)	-
	3,949	11,604

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1(d)(i) **A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.**

STATEMENT OF CHANGES IN EQUITY

	Share capital (S\$'000)	Retained earnings / (accumulated losses) (S\$'000)	Translation reserves (S\$'000)	Fair value reserves (S\$'000)	Total (S\$'000)	Non-controlling interests (S\$'000)	Total equity (S\$'000)
Group							
Balance as at 1 January 2011	25,126	15,334	-	47	40,507	-	40,507
Shares issued on acquisition of Top Great Engineering & Marine Pte Ltd ("TGEM")	7,200	-	-	-	7,200	-	7,200
Shares issued on acquisition of Unidive Marine Services Pte Ltd ("Unidive")	1,212	-	-	-	1,212	-	1,212
Dividend paid	-	(1,876)	-	-	(1,876)	-	(1,876)
Total comprehensive income for the financial year	-	10,236	(121)	-	10,115	-	10,115
Balance as at 31 December 2011	33,538	23,694	(121)	47	57,158	-	57,158
Balance as at 1 January 2010	19,699	8,390	-	47	28,136	-	28,136
Issuance of 15,506,600 Placement Shares	5,427	-	-	-	5,427	-	5,427
Dividend paid	-	(1,551)	-	-	(1,551)	-	(1,551)
Total comprehensive income for the financial year	-	8,495	-	-	8,495	10	8,505
Balance as at 31 December 2010	25,126	15,334	-	47	40,507	10	40,517
Company							
Balance as at 1 January 2011	25,126	(1,223)	-	-	23,903	-	23,903
Shares issued on acquisition of TGEM	7,200	-	-	-	7,200	-	7,200
Shares issued on acquisition of Unidive	1,212	-	-	-	1,212	-	1,212
Dividend paid	-	(1,876)	-	-	(1,876)	-	(1,876)
Total comprehensive income for the financial year	-	1,216	-	-	1,216	-	1,216
Balance as at 31 December 2011	33,538	(1,883)	-	-	31,655	-	31,655
Balance as at 1 January 2010	19,699	(694)	-	-	19,005	-	19,005
Issuance of 15,506,600 shares	5,427	-	-	-	5,427	-	5,427
Dividend paid	-	(1,551)	-	-	(1,551)	-	(1,551)
Total comprehensive income for the financial year	-	1,022	-	-	1,022	-	1,022
Balance as at 31 December 2010	25,126	(1,223)	-	-	23,903	-	23,903

- 1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles, as well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.**

On 19 August and 19 September 2011, the Company issued and allotted 16,918,647 new ordinary shares in the capital of the Company pursuant to acquisition of Top Great Engineering & Marine Pte Ltd ("TGEM") and Unidive Marine Services Pte Ltd ("Unidive").

The details of the changes in issued share capital of the Company from 1 January 2011 to 31 December 2011 are as follows:-

CHANGES IN ISSUED SHARE CAPITAL

	Number of shares	Paid-up capital (\$)
Issued share capital as at 1 January 2011	170,572,600	25,125,877
Shares issued on acquisition of TGEM	14,693,877	7,200,000
Shares issued on acquisition of Unidive	<u>2,224,770</u>	<u>1,212,500</u>
Issued share capital as at 31 December 2011	<u>187,491,247</u>	<u>33,538,377</u>

The Company did not have any outstanding options or convertibles or treasury shares as at 31 December 2011 and 31 December 2010.

- 1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.**

	As at 31 December 2011	As at 31 December 2010
Total number of issued shares (excluding treasury shares)	187,491,247	170,572,600

- 1(d)(iv) A statement showing all sales, transfers, disposals, cancellation and/or use of treasury shares as at the end of the current financial period reported on.**

Not applicable.

- 2 Whether the figures have been audited or reviewed, and in accordance with which auditing standard or practice.**

The figures have not been audited or reviewed by the auditors.

- 3 Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter).**

Not applicable.

4 Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.

Save as disclosed in paragraph 5 below, the Group and the Company have adopted the same accounting policies and methods of computation in the financial statements for FY2011 as those adopted in their audited financial statements for FY2010.

5 If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.

The Group adopted the following new and revised FRS relevant to its operations which took effect from the financial year beginning on or after 1 January 2012:

Amendments to FRS 1 - Presentation of Financial Statements
 Amendments to FRS 12 - Income Taxes
 Amendments to FRS 101 - First-Time Adoption of Financial Reports Standards
 Amendments to FRS 107 - Financial Instruments: Disclosures

The adoption of the above new and revised FRS did not result in any significant impact on the financial statements.

Beginning 1 January 2011, the Group revised the estimated useful lives of certain machineries from 10 years to 15 years and motor vehicles from 5 years to 10 years. The revision of the estimated useful lives was made after reassessment of the future economic benefits embodied in the assets and the expected consumption by the Group. The change in the estimated useful lives resulted in a decrease in depreciation expense for the year and increase in net book value of plant and equipment as at 31 December 2011 of approximately \$422,000.

6 Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends:-

EARNINGS PER SHARE ("EPS")

	Group	
	Financial year ended	
	31 December 2011	31 December 2010
Earnings attributable to equity holders of the Company (S\$'000)	10,236	8,495
Weighted average number of shares used in computation of basic EPS	177,475,573	157,657,514
Basic EPS attributable to equity holders of the Company (SGD cents)	5.77	5.39
Diluted EPS attributable to equity holders of the Company (SGD cents)	5.77	5.39

Basic EPS is computed by dividing the earnings attributable to the equity holders of the Company in each financial year by the weighted average number of ordinary shares outstanding at the end of the respective financial year.

Diluted EPS for FY2011 and FY2010 were the same as basic EPS because there were no potential dilutive ordinary shares existing during the respective financial year.

The change in the weighted average number of shares used to compute the EPS for FY2011 was due to the shares issued on acquisition of TGEM and Unidive on 19 August and 19 September 2011 respectively.

- 7 Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the:-**
(a) current financial period reported on; and
(b) immediately preceding financial year.

NET ASSET VALUE ("NAV")

	Group		Company	
	As at		As at	
	31 December 2011	31 December 2010	31 December 2011	31 December 2010
NAV per ordinary share (SGD cents)	30.5	23.8	16.9	14.0
Number of shares used in computation of NAV per share	187,491,247	170,572,600	187,491,247	170,572,600

- 8 A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:-**

- (a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and**
(b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.

REVIEW OF INCOME STATEMENT OF THE GROUP

FY2011 vs FY2010

Revenue

	FY2011		FY2010		Increase/ (decrease)
	(\$'000)	(%)	(\$'000)	(%)	
Marine Services ⁽¹⁾	38,355	68.1	32,031	100.0	19.7
Offshore & Engineering Services ⁽²⁾	18,003	31.9	-	-	NM
Total	56,358	100.0	32,031	100.0	75.9

Notes:

- (1) Marine Services business division include sterngear manufacturing and refurbishment works, ship inspection, repair & maintenance services and engineering & fabrication works.
- (2) Offshore & Engineering Services business division include offshore structures, engineering, manufacturing, inspection and maintenance.

Group's revenue increased by approximately S\$24.3 million or 75.9% from S\$32.0 million in FY2010 to S\$56.3 million in FY2011. The increase was mainly due to the maiden revenue contribution of approximately S\$29.2 million in aggregate from the newly acquired subsidiaries, TGEM and Unidive, under Marine Services business division of S\$11.2 million and Offshore & Engineering Services business division of S\$18.0 million respectively.

The contribution from the newly acquired subsidiaries was offset by the drop in revenue of approximately S\$4.8 million or 15.0% from its Marine Services business division. The drop was mainly due to the decrease in sterngear manufacturing business as a result of the Group's decision to focus on new growth areas and the slowdown in activities in the ship building industry. Sterngear services business remained fairly at the same level as in FY2010.

Gross profit

The Group's gross profit increased by approximately S\$7.5 million or 47.0% from S\$16.0 million in FY2010 to S\$23.5 million in FY2011. The increase in gross profit was due mainly to the maiden contributions from the newly acquired subsidiaries, TGEM and Unidive. Overall gross profit margin of the Group decreased from 49.8% in FY2010 to 41.6% in FY2011. This was due mainly to the decrease in gross profit margin from Marine Services business division as a result of competitive pricing, offset by the maiden contributions from the Offshore & Engineering Services business division.

Other gains

The Group's other gains increased by approximately S\$0.2 million from S\$0.5 million in FY2010 to S\$0.7 million in FY2011 due mainly to the gains from disposal of property, plant and equipment, amount received from the Singapore government Job Credit Scheme and sale of scrap metals.

Administrative expenses

The Group's administrative expenses increased by approximately S\$6.7 million or 109.1% from S\$6.2 million in FY2010 to S\$12.9 million in FY2011. The increase in administrative expenses was mainly due to the following (i) administrative expenses of approximately S\$5.8 million attributable to TGEM and Unidive following the completion of their acquisitions; (ii) rental expenses of approximately S\$0.4 million attributable to the Group's additional land in Penjuru Road which lease had commenced from March 2011; and (iii) increase in legal and professional fees of S\$0.3 million; and (iv) settlement of third party claim against a subsidiary of the Group amounted to S\$0.2 million.

Finance expenses

The Group's finance expenses increased by approximately S\$0.3 million or 67.7% from S\$0.5 million in FY2010 to S\$0.8 million in FY2011 due mainly to additional working capital loans and construction loans drawdown amounted to S\$20.5 million.

Income tax expenses

The Group's income tax expenses decreased by approximately S\$1.0 million or 80.5% from S\$1.3 million in FY2010 to S\$0.3 million in FY2011. The decrease was mainly due to the lower effective tax rate from higher capital allowances claimed under the Singapore government's Productivity and Innovation Credit Scheme and refund of tax amounted to S\$0.8 million in respect of FY2010.

Net profit

The Group's net profit attributable to equity holders of the Company increased by approximately S\$1.7 million or 20.4% from S\$8.5 million in FY2010 to S\$10.2 million in FY2011 as a result of the above.

REVIEW OF FINANCIAL POSITION

Current assets

Current assets increased by approximately S\$12.3 million from S\$30.0 million as at FY2010 to S\$42.3 million as at FY2011.

The Group's cash and cash equivalents decreased by approximately S\$2.2 million from S\$11.6 million as at FY2010 to S\$9.4 million as at FY2011. Please refer to "Review of Cash Flow Statement" for further details.

The Group's trade and other receivables at FY2011 increased by approximately S\$12.5 million due mainly to the trade and other receivables of S\$15.8 million in connections with the acquisitions to TGEM and Unidive.

The Group's inventories as at FY2011 increased by S\$2.0 million which was mainly due to work in progress acquired in connection with the acquisition of TGEM.

Non-current assets

Non-current assets increased by approximately S\$64.2 million from S\$32.1 million in FY2010 to S\$96.7 million in FY2011.

The Group's property, plant and equipment increased by S\$30.2 million from S\$25.9 million in FY2010 to S\$56.1 in FY2011 due mainly to the purchase of new machinery and equipment of S\$6.1 million, construction-in-progress of S\$10.6 million for the Group's manufacturing plant at Penjuru Road and property, plant and equipment of S\$14.5 million acquired in connection with the acquisitions of TGEM and Unidive.

Intangible assets increased by S\$33.8 million from S\$4.8 million in FY2010 to S\$38.6 million in FY2011 due to goodwill arising from the acquisitions of TGEM, Unidive and Team Assets.

Current liabilities

Current liabilities increased by approximately S\$30.2 million from S\$15.0 million in FY2010 to S\$45.2 million in FY2011.

The Group's trade and other payables as at FY2011 increased by approximately S\$18.2 million as compared to FY2010 due mainly to the trade and other payables of S\$10.7 million acquired in connection with the acquisitions of TGEM and Unidive and other payables of S\$11.4 million in relation to the amount due to the former shareholders of TGEM, Unidive and former partners in the purchase of Team assets.

The Group's borrowings under current liabilities as at FY2011 increased by S\$11.5 million as compared to FY2010 due mainly to additional working capital loans and construction loans drawdown.

Non-current liabilities

Non-current liabilities increased by approximately S\$28.7 million from S\$6.6 million in FY2010 to S\$35.3 million in FY2011.

The Group's other payables of approximately S\$11.5 million consist of deferred payments to the former shareholders of TGEM, Unidive and former partners in the purchase of Team assets.

The Group's borrowings under non-current liabilities as at FY2011 increased by S\$17.1 million as compared to FY2010, the reason as explained in borrowings under current liabilities above.

REVIEW OF CASHFLOW STATEMENT

The Group's cash and cash equivalents decreased by approximately S\$7.6 million from S\$11.6 million in FY2010 to S\$3.9 million in FY2011. The Group's recorded cash outflow from investing activities offset by cash inflows from both operating and financing activities in FY2011.

The Group's net cash used in investing activities in FY2011 was approximately S\$30.8 million as compared to approximately S\$5.5 million in FY2010, due mainly to the construction-in-progress at the Group's waterfront land at Penjuru Road of S\$10.4 million, the acquisition of subsidiary and business of S\$7.8 million and placement of fixed deposit pledged of S\$4.4 million.

The Group's net cash from operating activities in FY2011 was approximately S\$7.2 million as compared to S\$2.2 million in FY2010. This was due to lower working capital outflow in the FY2011 of approximately S\$5.3 million as compared to approximately S\$8.5 million in FY2010 and a higher net profit before working capital changes in FY2011 of approximately S\$13.4 million as compared to S\$12.1 million in FY2010. The lower working capital outflows in FY2011 was due mainly to the increase in trade and other payable of S\$4.9 million and trade and other receivable of \$1.8 million and offset by increase in inventory of S\$1.5 million for the reason as disclosed above.

The Group's net cash provided by financing activities in FY2011 was approximately S\$15.9 million as compared to S\$ 2.2 million in FY2010. This was due mainly to net increase in borrowings of S\$18.6 million and offset by dividend paid of S\$1.9 million and interest paid of S\$0.8 million.

- 9 Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.**

Not applicable.

- 10 A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.**

In the Offshore & Engineering business division, the business prospects remain strong with enquiries coming from the Middle East countries and Malaysia in the oil and gas sector.

In the Marine Services business division, the outlook for sterngear manufacturing remains weak due to the continued slowdown in the shipbuilding industry. In respect of the repair and maintenance services, the outlook remains positive but pricing is affected by competition.

The Group's order books as at 31 December 2011 was S\$19.1 million comprised of S\$8.9 million from Marine Services business division and S\$10.2 million from Offshore & Engineering business division. This increased by 127.4% from S\$8.4 million in FY2010.

Construction of the quay wall at the waterfront site at Penjuru Road is on track. Completion is expected to be in the second half of FY2012. The factory building at the same site has obtained temporary occupation permit ("TOP"). Piling on the additional land at Penjuru Road has commenced and expected to be completed in the first half of FY2012.

- 11 Dividend**

(a) Current financial period reported on

Any dividend declared for the current financial period reported on? Yes.

Name of dividend	First and Final
Dividend type	Cash
Dividend amount per ordinary share	1.2 cent per ordinary share
Tax rate	One-tier tax exempt

(b) Corresponding period of the immediately preceding financial year

Any dividend declared for the corresponding period of the immediately preceding financial year? Yes.

Name of dividend	First and Final
Dividend type	Cash
Dividend amount per ordinary share	1.1 cent per ordinary share
Tax rate	One-tier tax exempt

(c) Date payable

The date payable for the proposed first and final dividend of 1.2 cent per share will be announced at a later date.

(d) Books closure date

The books closure date for the proposed first and final dividend of 1.2 cent per share will be announced at a later date.

12 If no dividend has been declared (recommended), a statement to that effect.

Not applicable.

13 INTERESTED PERSON TRANSACTIONS

The Group does not have IPT mandate.

PART II: ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT

14 Segmented revenue and results for the business or geographical segments (of the group) in the form presented in the issue's most recently audited annual financial statements, with comparative information for the immediately preceding year.

The Group is principally engaged in (i) Marine Services business division and (ii) Offshore & Engineering Services business division. No separate segment information by business segment is presented, except for segment revenue, as both business segments use the same resources and share the same costs. Management is of the opinion that is not practicable to separate the costs, assets and liabilities for each business segment.

The following table provides an analysis of the Group's revenue by business segment:

	Financial year ended	
	31 December 2011 (S\$'000)	31 December 2010 (S\$'000)
Marine Services	38,355	32,031
Offshore & Engineering Services	18,003	-
	<u>56,358</u>	<u>32,031</u>

The following table provides an analysis of the Group's revenue by geographical market which is analysed based on the country of domicile of the customers:

	Financial year ended	
	31 December 2011 (S\$'000)	31 December 2010 (S\$'000)
Singapore	46,583	24,745
Asia ⁽¹⁾	4,167	6,254
Rest of the world ⁽²⁾	5,608	1,032
	<u>56,358</u>	<u>32,031</u>

MENCAST HOLDINGS LTD.
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(Company Registration Number: 200802235C)

Notes:

- (1) Asia refers to customers from Malaysia, Brunei, China, Indonesia, the Philippines, Thailand, Vietnam, Hong Kong, India, Sri Lanka, Maldives and Australia.
- (2) Rest of the world refers to customers from Europe, the Middle East and USA.

15 In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments.

The increase in revenue from customers in Singapore and the rest of the world were due mainly to the increase in revenue with the acquisition of TGEM and Unidive.

16 A breakdown of sales as follows:

	Group		increase / (decrease) (%)
	31 December 2011 (S\$'000)	31 December 2010 (S\$'000)	
Sales reported for:			
First half ended 30 June	24,401	15,161	60.9
Second half ended 31 December	31,957	16,870	89.4
	56,358	32,031	75.9
Net profit before deducting non-controlling interests reported for:			
First half ended 30 June	5,410	4,807	12.5
Second half ended 31 December	4,826	3,698	30.5
	10,236	8,505	20.4

17 A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year as follows:

	Latest Full Year (FY2011) (S\$'000)	Previous Full Year (FY2010) (S\$'000)
Total annual dividend		
Ordinary – First and Final	2,250	1,876
Total	2,250	1,876

18 Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704(13) in the format below. If there are no such persons, the issuer must make an appropriate negative statement.

Name	Age	Family relationship with any director and/or substantial shareholder	Current position and duties, and the year position was first held	Details of changes in duties and position held, if any, during the year
Sim Wei	30	Daughter of substantial shareholder of the Company, Chua Kim Choo, and sister of Executive Chairman and Chief Executive Officer of the Company, Sim Soon Ngee Glendle.	Administration & Human Resource Manager of the Company since July 2008. Oversees the office, administrative and human resource matters of the Company and its subsidiaries. Administration and Human Resource Director of the Company's subsidiary, Mencast Marine Pte Ltd ("MMPL") since August 2010. Oversees the human resource and administrative functions of MMPL.	No change.
Wong Boon Hwee	40	Brother of the Executive Director of the Company, Wong Boon Huat	Director of Marine division of Top Great Engineering & Marine Pte Ltd ("TGEM") since 2000. Overseeing the day-to-day operation of projects in the marine repairs work and new fabrications.	No change.

BY ORDER OF THE BOARD

Sim Soon Ngee Glendle
 Executive Chairman and Chief Executive Officer

28 February 2012
